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MESSAGE TO LAWMAKERS

President McKinley Addresses
Congress on War and
Other Problems.

FOR MONETARY REFORMS

100,000 Men and the Temporary
Continuance of Military Rule in
New Possessions Favored.

WASHINGTON, Dec. 8.—On the convening
of congress today, President McKinley
transmitted his annual message, which
follows:

To the Senate and House of Representatives:

Notwithstanding the added burdens
rendered necessary by the war our people
rejoice in a very satisfactory and steadily
increasing degree of prosperity evidenced
by the greatest volume of business ever
recorded. Manufacture has been pro-
ductive, agricultural pursuits have
yielded abundant returns, labor in the
various industries has been re-energized,
and the legislation passed by the present
congress has increased the treasury's re-
ceipts to the amount expected by its au-
thors, the finances of the government
have been successfully administered and
its credit advanced to the first rank, while
its currency has been maintained at the
world's highest standard.

Military service under a common flag
for a righteous cause has strengthened
the national spirit and served to cement
more closely than ever the fraternal bonds
between every section of the country. A
review of the relations of the United
States to other powers, always appropriate
in this year of national unity, reveals in
view of the momentous issues which have
arisen, demanding in one instance the
ultimate determination by arms and in-
volving far-reaching consequences which
will require the earnest attention of the
congress.

First Steps in the War.

In my last annual message very full
consideration was given to the question
of the duty of the government to the
United States towards Spain and the Cuban
insurrection, as being by far the most
important problem with which we were
then called upon to deal. The considera-
tions then advanced and the exposition
of the views therein expressed disclosed
the gravity of the situation.

Setting aside as logically unfounded or
practically inadvisable, the recognition of
the independence of Cuba, neutral inter-
vention to end the war by imposing a
moral compromise between the contes-
ting parties, and forcible annexation of
the island, I concluded it was honestly
due to our friendly relations with Spain
that she should be given a reasonable
chance to realize her expectations of re-
form to which she had become irrevocably
committed.

The ensuing month brought little sign
of real progress toward the pacifica-
tion of Cuba. No tangible relief was afforded
the vast numbers of unhappy reconcen-
trados despite the reiterated professions
made in that regard and the amount ap-
propriated by Spain to that end. By the
end of December the mortality among
the reconcentrados had increased. Conser-
vative estimates placed the number of
deaths among these distressed people at
over 40 per cent from the time
General Weyler's decree of reconcentration
was enforced.

The war continued on the old footing
without comprehensive plan, developing
only the same tactical encounters, barren
of strategic result, that have marked
the course of the earlier ten years' re-
bellion, as well as the present insurrection
from its start. No alternative save phys-
ical exhaustion of either combatant and
thereby the practical rule of the
island lay in sight, but how far distant
no one could venture to conjecture.

Blowing Up of the Maine.

At this juncture, on Feb. 15, last, oc-
curred the destruction of the battleship
Maine, while rightfully lying in the har-
bor of Havana on a mission of interna-
tional courtesy and good will, an event
the suspicious nature and horror of
which stirred the nation's heart pro-
foundly. It is a striking evidence of the
poise and sturdy good sense distinguish-
ing our national character that this shock-
ing blow, falling upon our generous peo-
ple, did not move them by preceding
events in Cuba, did not move them to
instant, desperate resolve to tolerate no
longer the existence of a condition of
danger and disorder at our doors that
made possible such a deed by whomsoever
perpetrated. Yet by instinct of justice
patience prevailed and the nation anxiously
awaited the result of the searching inves-
tigation at once set on foot. The finding
of the naval board of inquiry established
that the origin of the explosion was ex-
ternal by a submarine mine, and only
halted through lack of positive testimony
to fix the responsibility of its authorship.

All these things carried conviction to
the most thoughtful, even before the
finding of the naval court, that a crisis in
our relations with Spain, and toward
Cuba was at hand. So strong was this
belief that it needed but a brief executive
suggestion to the congress to receive im-
mediate answer to the duty of making in-
stant provision for the possible and per-
haps speedily probable emergency of war,
and the remarkable, almost unique,
spectacle was presented of a unanimous
vote of both houses on March 9 appro-
priating \$6,000,000 "for the national defense
and for such and every purpose connected
therewith, to be expended at the discre-
tion of the president."

Still animated by the hope of a peaceful
solution of the delicate duties of duty,
no effort was spared to bring a speedy
ending of the Cuban struggle.

Grieved and disappointed at the barren
outcome of my sincere endeavors to reach
a practicable solution, I felt it my duty
to remit the whole question to congress.
The congress was asked to authorize and
empower the president to take measures

to secure a full and final termination of
hostilities between Spain and the people
of Cuba.

After nine days of earnest deliberation,
during which the almost unanimous con-
sent of your body was developed on
every point save to the expediency of
coupling the proposed action with a for-
mal recognition of the republic of Cuba
the true and lawful government of that
island—a proposition which failed of adop-
tion—the congress, on April 19, by a vote
of 42 to 35 in the senate and 311 to 6 in
the house of representatives, passed the mem-
orable joint resolution declaring the peo-
ple of Cuba free and independent, de-
nouncing that Spain at once relinquish
authority over the island and empowering
the president to use the entire land and
sea forces of the United States to that
end.

This resolution was approved by the
executive on the next day, April 20. A
copy was at once sent to the president
of the Spanish minister at this capital, who
forthwith announced that his continuance
in Washington had thereby become im-
possible, and asked for his passports, which
were given him. Simultaneously with
his communication to the Spanish min-
ister, General Woodford, the American
minister at Madrid, was notified of the
confirmation of the text of the joint resolu-
tion and directed to communicate it to
the government of Spain with the formal
demand that it at once relinquish its au-
thority and government in the island and
withdraw its forces therefrom.

Rupture of Relations.

That demand, although, as above
shown, officially made known to the Span-
ish envoy here, was not delivered at Mad-
rid. After the instructions reached Gen-
eral Woodford on the morning of April
21, but before he had time to present the
Spanish minister of state notified him that
upon the president's approval of the joint
resolution, the Madrid government re-
garding the act as "equivalent to an evi-
dent declaration of war," had ordered its
minister in Washington to withdraw,
between the two countries. General Wood-
ford thereupon demanded his passports
and quitted Madrid the same day.

Spain having thus denied the demand
of the United States and initiated that
complete form of rupture of relations
which attends a state of war, the execu-
tive, authorized by the resolution
passed at once used his authority to in-
crease the contingency of actual war between
sovereign states. By my message of April
25 the congress was informed of the situa-
tion and I recommended formal declara-
tion of the existence of a state of war be-
tween the United States and Spain. The
congress accordingly voted on the same
day the act approved on April 25, 1898, de-
claring the existence of such war from
and including April 21 and re-enacted the
provision of the resolution of April 20 di-
recting the president to use all the armed
forces of the nation to carry that act into
effect.

It is not within the province of this mes-
sage to narrate the history of the extraor-
dinary war that followed the Spanish
declaration of April 21, but a brief recital
of its more salient features is appropos.
The first encounter of the war in point of
date took place April 27, when a detach-
ment of the blockading squadron made a
proclamation of blockade at Matanzas,
shelling the harbor forts and demolishing
several new works in construction.

The next engagement was destined to
mark a memorable epoch in maritime
warfare. The Pacific fleet under Com-
modore George Dewey had lain for some
weeks at Hong-Kong. Upon the colonial
proclamation of neutrality being issued
and the customary 24 hours' notice being
given, it repaired to Manila bay near Hong-
Kong, whence it proceeded to the Philip-
pine islands under telegraphic orders to
capture or destroy the formidable Spanish
fleet then assembled at Manila. At day-
break on the morning of May 1 the Ameri-
can force entered Manila bay and after a
few hours' engagement effected the total
destruction of the Spanish fleet, consist-
ing of ten warships and a transport, be-
sides capturing the naval station and forts
at Cavite, thus annihilating the Spanish
naval power in the Pacific ocean and com-
pletely controlling the bay of Manila with
the coaling station and the wharves.

Following the comprehensive scheme of
general attack powerful forces were as-
sembled at various points on our coast to
invade Cuba and Porto Rico. Meanwhile
naval demonstrations were adopted as
several exposed points.

Young Hobson's Brave Deed.

The next acts of the war thrilled not
only the hearts of our countrymen, but
the world by his heroism. On the night of
June 3 Lieutenant Hobson, aided by
seven devoted volunteers, blocked the nar-
row outlet of Santiago harbor, by sinking
the collier Maine in the channel under a
fierce fire from the shore batteries, cap-
turing with their lives as by a miracle,
but falling into the hands of the Span-
iards. They were subsequently exchanged.

On June 22, the advance of the invading
army under Major General Shafter landed
at Daiquiri, about 15 miles east of Santi-
ago. On July 1 severe battle took place,
our forces gaining the outer works at Santi-
ago. On the second day the army and San-
Juan were taken after a desperate charge
and the investment of the city completed.
On the day following the brilliant
achievement of our land force, July 3, oc-
curred the decisive battle of the war. The
Spanish fleet, attempting to leave the
harbor, was met by the American squad-
ron under command of Commodore Sampson.
In less than three hours all the two
torpedo boats being sunk and the Maria
Terresa, Almirante Oquendo, Viscaya and
Cristobal Colon driven ashore. The Span-
ish admiral and over 1,300 men were taken
prisoners, while the enemy's loss of life
was deplorably large, some 620 perishing.
On our side but one man was killed and
one seriously wounded.

With the catastrophe of Santiago
Spain's power on the ocean virtually
ceased. The capitulation of Santiago
followed.

The occupation of Porto Rico became
the next strategic necessity. General
Miles had previously been assigned to or-
ganize an expedition for that purpose. On
July 27 he entered Ponce, one of the most
important ports in the island for which
he thereafter directed operations for the
capture of the island. The campaign was
conducted with great vigor and by Aug.
12 much of the island was in our posses-
sion and the acquisition of the remainder
was only a matter of a short time.

Negotiations For Peace.

The annihilation of Admiral Cervera's

fleet, followed by the capitulation of San-
tiago, having brought to the Spanish gov-
ernment a realization of the hopelessness
of continuing a struggle now becom-
ing wholly unequal, it undertook negotiations
for peace with the French ambassador.
On Aug. 12, M. Cambon, as the plenip-
otentiary of Spain and the secretary of
state as the plenipotentiary of the United
States, signed a peace protocol and ap-
pointed William R. Day, lately secretary
of state, Cushman K. Davis, William P.
Frye and George Gray, senators of the
United States, and Whitelaw Reid to be
the peace commissioners on the part of
the United States. Proceeding in due
time to Paris, they there met on Oct.
five commissioners similarly appointed on
the part of Spain. The negotiations have
made hopeful progress so that I trust
soon to be able to lay a definite treaty of
peace before the senate with a view of its
prompt ratification.

I do not discuss at this time the govern-
ment or the future of the new possessions
which will come to us as a result of the
war with Spain. Such discussion will be
appropriate after the treaty of peace shall
be ratified. In the meantime, and until
the congress has legislated otherwise, it
will be my duty to continue the military
government which have existed since our
occupation and give to the people security
in life and property and encouragement
under a just and beneficent rule.

As soon as we are in possession of Cuba
and have pacified the island it will be
necessary to give aid and decision to its
people to form a government of them-
selves. It should be the policy of the
earliest moment consistent with safety
and assured success. It is important that
our relations with these people shall be of
the most friendly character and our com-
mercial relations close and reciprocal. It
should be our duty to assist in every
way to build up the waste places of
the island, encourage the industry of
the people and assist them to form a gov-
ernment which shall be free and indepen-
dent, thus realizing the best aspira-
tions of the Cuban people. Spanish rule
must be replaced by a just, benevolent
and humane government, created by the
people of Cuba, capable of performing all
the duties of a government. We should en-
courage thrift, industry and prosperity
and promote peace and good will among
all of the inhabitants, whatever may have
been their relations in the past. Neither
revenge nor passion should have a place
in the new government. Until there is
a complete tranquillity in the island and
a stable government, no military occupa-
tion will be continued.

With the exception of the rupture with
Spain the intercourse of the United States
with the great family of nations has been
marked with cordiality and the close of
the event finds most of the issues that
naturally arise in the complex relations
of sovereign states adjusted or presenting
no serious obstacle to just and honorable
solution by amicable agreement.

The Lull in the Tragedy.

On Sept. 19, 1898, a conflict took place at
Lima, Peru, between a body of striking
miners and the sheriff of Laurens county
and his deputies, in which 23 miners were
killed and 44 wounded, of which ten of
the killed and 12 of the wounded were
Austrian and Hungarian subjects. This
deplorable event naturally aroused the
sympathy of the Austro-Hungarian gov-
ernment, which on the presumption that
the killing and wounding involved the au-
thorities, claimed reparation for the sufferers. Apart from
the searching investigation and peremp-
tory action of the authorities of Pennsyl-
vania the federal executive took appropri-
ate steps to learn the merits of the
case in order to be in a position to meet
the urgent claims of the injured parties.
The sheriff and his deputies, having been
indicted for murder, were tried and ac-
quitted after protracted proceedings and
the hearing of hundreds of witnesses on
the ground that the killing was in the
line of their official duty to uphold law
and preserve public order in the state. A
committee of the department of justice
attended the trial and reported in con-
course fully. With all the facts in its pos-
session, this government expects to reach
a harmonious understanding on the sub-
ject with that of Austro-Hungary, not-
withstanding the renewed claim of the
latter, for indemnity for its injured sub-
jects.

Nicaragua Canal Project.

The Nicaragua canal commission, under
the chairmanship of Senator Chandler
John G. Walker, appointed July 24, 1897,
under the authority of a provision in the
sundry civil act of June 4 of that year,
has nearly completed its labors, and the
results of its exhaustive inquiry into the
proper route, the feasibility and the cost
of construction of an interoceanic canal
by a Nicaragua route will be laid before
you.

As the scope of recent inquiry embraced
the whole subject with the aim of making
plans and surveys for a canal by the most
convenient route, it necessarily included a
review of the results of previous surveys
and plans and in particular those adopted
by the Maritime Canal company under its
existing franchise from Nicaragua, Costa
Rica, so that to this extent those
plans necessarily held an essential part
in the deliberations and conclusions of the
canal commission as they have held and
must needs hold in the discussion of the
matter before congress. Under these cir-
cumstances and in view of overtures made
to the governments of Nicaragua and
Costa Rica by other parties for a new
concession predicted on the assumed
approaching lapse of the contracts of the
Maritime Canal company with those
states I have not hesitated to express my
conviction that considerations of expedi-
ency and international policy as between
two governments interested in the
construction and control of an inter-
oceanic canal by this route require the
maintenance of the status quo until the
canal commission shall have reported and
the United States congress shall have had
an opportunity to pass finally upon the
whole matter, without prejudice by reason
of any change in the existing condi-
tions.

All these circumstances suggest the
urgency of some definite action by the
congress at this session if its labors of the
past are to be utilized and the linking of
the Atlantic and Pacific oceans by a prac-
tical waterway is to be realized. That the
construction of such a maritime highway
is now more than ever indispensable to
that intimate and ready intercommuni-
cation between our eastern and western sea-
boards demanded by the annexation of
the Hawaiian Islands and the prospective
expansion of our influence and commerce

in the Pacific and that our national policy
now more imperatively than ever calls for
its control by this government, are propo-
sitions which I doubt not the congress
will duly appreciate and wisely act upon.

The Partition of China.

The United States has not been an in-
direct spectator of the extraordinary
events transpiring in the Chinese empire,
whereby portions of its maritime pro-
vinces are passing under the control of
various European powers. The prospect
that the vast commerce which the
energy of our citizens and the necessity of
our trade production of Chinese goods
has built up in those regions may not be
prejudiced through any exclusive treat-
ment by the new occupants has obtained
the need of our country becoming an actor
in the scene.

Our position among nations having a
large Pacific coast, and a constantly ex-
panding direct trade with the further
Orient, gives us the equitable claim to
consideration and friendly treatment in
this regard and it will be my aim to sub-
serve our large interests in that quarter
by all means appropriate to the constant
policy of our government. The territories
of Kiao Chow, Wei Hai Wei and of Port
Arthur and Taku, leased to Ger-
many, Great Britain and Russia respec-
tively for terms of years, will, it is an-
nounced, be open to international com-
merce during such alien occupation, and
if no discriminating treatment of Ameri-
can citizens and their trade be found to
exist or be hereafter imposed, the desire
of this government would be to appear
realized. Meanwhile there may be just
ground for disquietude in view of the un-
settled and revival of the old sentiment
of opposition and prejudice to alien people
which pervades certain of the Chinese
wharves. As in the case of the attacks
upon our citizens in Manchuria and at
Kiautun in 1895, the United States gov-
ernment has been instructed to secure the
fullest measure of protection, both local and
imperial, for any menaced American inter-
ests and to demand, in case of lawless in-
jury to person or property, instant repara-
tion appropriate to the case. Warships
have been stationed at sea Tsin for more
ready observation of the developments and
have invaded the Chinese capital, so as to
be in a position to act should need arise,
while a guard of marines has been sent to
Peking to afford the minister the same
measure of authoritative protection as the
representatives of other nations have been
constrained to employ.

The French Exposition.

There is now every prospect that the
participation of the United States in the
universal exposition to be held in Paris in
1900 will be on a scale commensurate with
the advanced position held by our pro-
ducts and industries in the world's chief
markets. The preliminary report of Moses
P. Handy, who was appointed special com-
missioner with a view to securing all at-
tainable information necessary to a full
and complete understanding by congress
in regard to the participation of this gov-
ernment in the exposition, was laid before
you by my message of Dec. 6, 1897,
and showed the large opportunities to
make known our national progress in
manufactures, as well as the urgent need
of immediate and adequate provision to
enable due to a frangible roof to be taken.

Mr. Handy's death soon afterward ren-
dered it necessary for another to take up
and complete the unfinished work, and on
Jan. 14, 1898, Mr. Thomas W. Candler, third
assistant secretary of state, was ap-
pointed to fulfill that task. By a provision
in the sundry civil appropriation act of
July 1, 1898 a sum not to exceed \$50,000
was allotted for the organization of a com-
mission to care for the proper preparation
and installation of American exhibits and
for the display of suitable exhibits by the
several departments of government, particu-
larly by the department of agriculture,
the fish commission and the Smithsonian
institution, in representation of the gov-
ernment of the United States. Pursuant
to that enactment, I appointed Mr.
Ferdinand W. Peck of Chicago commis-
sioner general, with an assistant commis-
sioner, and secretary. Mr. Peck
at once proceeded to Paris, where he suc-
ceeded in enlarging the scope and variety
of the United States exhibit has been most
gratifying. Notwithstanding the com-
paratively limited area of the exposition site
—less than one half that of the World's
Fair at Chicago—the space assigned to the
United States exhibit has been increased from
the absolute allotment of 127,409 square
feet reported by Mr. Handy to some 202,
000 square feet, with corresponding augmen-
tation of the field for a truly charac-
teristic representation of the various im-
portant branches of our country's develop-
ment. Mr. Peck's report will be laid
before you. In my judgment his recom-
mendations are of a most judicious and
consideration, especially as regards in-
crease of the appropriation to at least
\$1,000,000 in all, so that not only may the
assigned space be fully taken up by the
best possible exhibits in every class, but
the preparation and installation be on so
perfect a scale as to rank among the first
of the world in the exhibition of art and
inventive production and to counter-
balance the disadvantages with which
we start as compared with other
countries whose appropriations are on a
more generous scale and whose prepara-
tions are in a state of much greater for-
wardness than our own.

Annexation of Hawaii.

Pending consideration by the senate of
the treaty signed June 16, 1897, by the
plenipotentiaries of the United States and
of the republic of Hawaii, providing for
the annexation of the islands, a joint resolu-
tion to accomplish the same purpose by
accepting the offered cession and incorpo-
rating the ceded territory into the Union
was adopted by the congress and approved
July 7. Thereupon I directed the
United States assistant secretary of state
convey Rear Admiral Miller to Honolulu
and entrusted to his hands this important
legislative act to be delivered to the pres-
ident of the republic of Hawaii, with whom
the admiral and the United States minis-
ter were authorized to make appropriate
arrangements for transferring the islands to
the United States. This was simply
but impressively accomplished on Aug.
12 by the delivery of a certified copy of
the resolution to President Dole, who
thereupon yielded up to the representa-
tives of the government of the United
States the sovereignty and the public
property of the Hawaiian Islands.

Pursuant to the terms of the joint resolu-
tion and in exercise of the authority
thereby conferred upon me, I directed
that the civil, judicial and military pow-
ers there, before exercised by the officers of
the government of the republic of Hawaii
should continue to be exercised by those
officers until congress shall provide a gov-
ernment for the incorporated territory,
subject to my power to remove such offi-
cers and to appoint others. The president,
officers and troops of the republic there-
upon took the oath of allegiance to the
United States, thus providing for the un-
interrupted continuance of all the admin-
istrative and municipal functions of the
annexed territory until congress shall
otherwise enact.

Following the further provision of the
joint resolution I appointed the Hon.
Shelby M. Cullum of Illinois, John T.
Morgan of Alabama, Robert R. Hitt of
Illinois Sanford B. Dole of Hawaii and
Walter F. Frear of Hawaii as commis-
sioners to confer and recommend to congress
such legislation concerning the Hawaiian
Islands as they should deem necessary or
proper.

Commissioners having fulfilled the
mission confided to them their work will
be laid before you at an early day. It is
believed that their recommendations will
have the earnest consideration due to the
magnitude of the responsibility resting
upon you to give such shape to the rela-
tionship of those islands to the
United States as will benefit both in the
highest degree realizing the aspirations
of the community that has cast its lot
with us and elected to share our political
heritage while at the same time justifying
the foresight of those who for three
quarters of a century have looked to the
annexation of Hawaii as a natural and
inevitable consummation in harmony
with our needs and in fulfillment of our
cherished traditions.

Under the provisions of the joint resolu-
tions the existing custom relations of the
Hawaiian Islands with the United
States and with other countries remain
unchanged until legislation shall other-
wise provide. The consuls of Hawaii,
here and in foreign countries, continue to
fulfill their commercial agencies while
the United States consulate at Honolulu
is maintained for all pre services per-
taining to trade and revenue. It would
be desirable that all foreign consuls in the
Hawaiian Islands should receive new ex-
equators from this government.

Czar's Disarmament Plan.

The proposal of the Russian czar for a
general reduction of the vast military en-
sues of his empire, which so heavily upon
many peoples in the world, has been
recently communicated to this government
with an earnest invitation to be repre-
sented in the conference which it is dis-
cussing the means of accomplishing so de-
sirable a result. His majesty was at once
informed of the cordial sympathy of this
government with the principles involved in
his exalted proposal and of the readiness
of the United States to take part in the
conference.

The active military forces of the United
States as measured by our population,
territorial area and taxable wealth is and
has been one of the most formidable con-
ditions in the world. The reduction of
so conspicuously less than that of the
armed powers to whom the czar's appeal
is especially addressed that the question
can have for us no practical importance
save as marking an auspicious step to-
ward the betterment of the conditions of
the modern peoples and the cultivation of
peace and good will among them, but in
this view it behooves us as a nation to
lend countenance and aid to the benev-
olent project.

The Currency Question.

The secretary of the treasury reports
that the receipts of the government from
all sources during the fiscal year ended
June 30, 1898, including \$54,743,333 re-
ceived from sale of Pacific railroads,
amounted to \$100,321,325 and its expendi-
tures to \$143,365,582. There was collected
from customs \$149,574,042 and from in-
ternal revenue \$170,000,641. Our dutiable
imports amounted to \$24,735,479, a de-
crease of \$8,166,690 over the preceding
year, and importations free of duty
amounted to \$29,414,123 a decrease from
the preceding year of \$20,554,068.

The total tax collected on distilled
spirits was \$22,549,919 on manufactured
tobacco \$36,293,522 and on fermented
liquors \$39,345,421. We exported mer-
chandise during the year amounting to
\$1,231,482,330, an increase of \$190,488,774
from the preceding year.

It is estimated upon the basis of present
revenue laws that the receipts from the
government for the year ending June 30,
1899, will be \$277,874,617 and its expendi-
tures \$293,874,617, resulting in a deficiency
of \$16,000,000. On Jan. 1, 1898, there was
held in the treasury gold coin amounting to
\$138,411,547, gold bullion amounting to
\$130,525,245, silver bullion amounting to
\$93,352,230 and other forms of money
amounting to \$451,961,981.

On the same date the amount of money
of all kinds in circulation or not included
in treasury holdings was \$1,867,79,590, an
increase for the year of \$169,426,824, in-
cluding the year of 1897-98, the total
amounting to \$1,937,218,414 at the
time mentioned the per capita circulation
was \$25.09.

On the same date there was in the treas-
ury gold bullion amounting to \$135,292,
545.

The provisions made for strengthening
the reserves of the treasury in connec-
tion with the war have given increased
confidence in the purpose and the power
of the government to maintain the present
standard both established more firmly
than ever the national credit at home and
abroad. A marked evidence of this is
found in the influx of gold to the treas-
ury. Its net gold holdings on Nov. 1,
1898, were \$23,385,169 as compared with
\$153,523,147 on Nov. 1, 1897, and an in-
crease of net cash of \$2,737,610 Nov. 1,
1897, to \$3,023,225 Nov. 1, 1898. The
present ratio of net treasury gold outstanding
government liabilities including United
States notes, treasury notes of 1895, silver
certificates, standard silver dollars and
fractional silver coin Nov. 4, 1898, was
23.35 per cent as compared with 16.96 per
cent Nov. 4, 1897.

Redemption of Notes.

I renew so much of my recommendation
of December, 1897, as follows:

"That when any of the United States
notes are presented for redemption in gold
and are redeemed in gold such notes shall
be kept and set apart and only paid out
in exchange for gold. This is an obvious
duty. If the holder of the United States
note prefers the gold and gets it from the
government, he should not receive back
from the government a United States note
without paying gold in exchange for it.
The reason for this is made all the more
apparent when the government issues an

interest bearing debt to provide gold for
the redemption of United States notes—a
matter of no small importance. Surely it should
not pay them out again except in gold,
and for gold. If they are paid in gold,
another interest bearing debt to redeem
them—another interest bearing debt to re-
deem a non-interest bearing debt."

A recommendation was made in the
bill that such provisions of law would
insure a greater degree of safety of the
present standard and better protect our
currency from the dangers to which it is
subjected from a disturbance in the gen-
eral business conditions of the country.

In my judgment the present condition
of the treasury amply justifies the im-
mediate enactment of the legislation recom-
mended one year ago, under which a por-
tion of the gold holdings should be placed
in a trust fund, from which greenbacks
should be redeemed upon presentation, but
when once redeemed should not thereafter
be paid out except for gold.

It is not to be inferred that other legis-
lation relating to our currency is not re-
quired, on the contrary, there is an on-
going demand for it.

The importance of adequate provision
which will insure to our future a money
standard, related as our money standard
now is to that of our commercial rivals, is
generally recognized. The consummation
of the recommendation that our domestic paper
currency shall be kept safe and yet be so re-
lated to our holdings of gold and silver and
internal commerce as to be adequate and
responsive to such needs is a proposition
scarcely less important. The subject, in
all its parts, is commended to the wise
consideration of the congress.

For a Big Standing Army.

Under the act of congress approved
April 28, 1898 authorizing the president,
in his discretion, "upon a declaration of
war by congress, or a declaration by con-
gress that war exists," directed the in-
crease of the regular army to the maxi-
mum of 102,000 authorized in said act.

There are now in the regular army 57,
862 officers and men. In said act it was
provided that at the end of any war in
which the United States may become in-
volved the army shall be reduced to a
peace basis by the transfer of the same
from the services or absorption by pro-
moted or honorable discharge under such
conditions as the secretary of war may
establish of supernumerary commissioned
officers and the honorable discharge of the
transfer of supernumerary enlisted men,
and nothing contained in this act shall be
construed as authorizing the permanent in-
crease of the commissioned or enlisted
strength of the regular army beyond that
now provided by the law, or prior to the
passage of this act, except as to the in-
crease of 25 majors provided for in section
1 hereof.

The importance of legislation for the
permanent increase of the army is there-
fore manifest and the recommendation of
the secretary of war for that purpose has
my unqualified approval. There can be
no question that at this time and probably
for some time to come the country may
be none too many to meet the neces-
sities of the situation. At all events,
whether in the event of war or for other
reasons, the army should be permanently
or not, the president should be given
in his discretion it should be necessary,
and the further discretion should be given
him to recruit for the army within the
above limit from the inhabitants of the
islands with the government of which we
are at war.

It is my purpose to transfer to the en-
tire volunteer army as soon as the con-
gress shall provide for the increase of the
regular establishment. This will be only
an act of justice and will be much ap-
preciated by the brave men who left their
homes and employment to help the country
in its emergency.

Washington's Centennial.